

## **COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Financial Statements  
For the Year Ended June 30, 2020

(With Independent Auditors' Report Thereon)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
County of Rockingham, New Hampshire

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Rockingham, New Hampshire (the County), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

#### ***Management's Responsibility for the Financial Statements***

The County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

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Merrimack, New Hampshire  
Andover, Massachusetts  
Greenfield, Massachusetts  
Ellsworth, Maine



significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Rockingham, New Hampshire, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and certain pension and OPEB schedules, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information appearing on pages 59 through 64 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to



the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2021 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Melanson*

Merrimack, New Hampshire  
September 15, 2021



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The County of Rockingham, New Hampshire's (the County) financial management offers readers of these financial statements this narrative, overview, and analysis of the financial activities of the County for the fiscal year ended June 30, 2020. This discussion and analysis is designed for readers in focusing on the significant financial issues and activities of the County and to identify any significant change in financial position. Readers are encouraged to review the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

### FINANCIAL HIGHLIGHTS – GOVERNMENT WIDE

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$29,711,584 (net position).
- The County's total net position reflects an increase of \$7,274,201, which is primarily a result of expenses coming in significantly less than anticipated combined with decreases in the net OPEB and net pension liabilities that totaled almost \$896,000.
- The County's general obligation bonds issued decreased by approximately \$1,597,000.
- Capital lease liabilities increased by approximately \$18,000.
- Total compensated absences (including both funded and unfunded) increased by approximately \$323,000.
- The net OPEB liability for retiree health benefits decreased by approximately \$410,000. The significant decrease in OPEB liability is partially due the approximately \$195,000 reduction in the OPEB liability for the County's health plan but is more so a result the almost \$215,000 decrease in the proportionate share of net OPEB liability from the New Hampshire Retirement System.
- The net pension liability related to the New Hampshire Retirement System decreased by approximately \$486,000. The decrease in the net pension liability is due to several factors, two of them being that the County has contributed payments to the retirement system to reduce its portion of the unfunded liability and that the fund overall has performed well in the past year.

### FINANCIAL HIGHLIGHTS – FUND STATEMENTS

- As of the close of the year, the County's reported combined ending fund balances of \$29,531,939 which was an increase of \$6,347,964 in comparison to the fiscal period ended June 30, 2019. The increase was primarily due to General Fund expenses coming in \$5,579,104 under budget.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,600,660, or 19.2% of total fiscal year 2021 General Fund (budgeted) appropriations, which is a noticeable increase compared to the prior year figure of 13.3%. A goal of the

County has been to maintain reserves equivalent to three months of budgeted appropriations. However, the County had utilized almost \$15,000,000 of the assigned \$28,000,000 with the passage of the 2018-2019 budget to fund the transition to a June 30 fiscal year, which kept borrowing and tax increases to a minimum for the transitional fiscal period that ended June 30, 2019.

- The County retains an Aa1 bond rating for its long-term borrowing and maintained its MIG-1 rating on its short-term borrowing. The consistent level of bond rating is a clear indication of the sound financial condition of the County.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

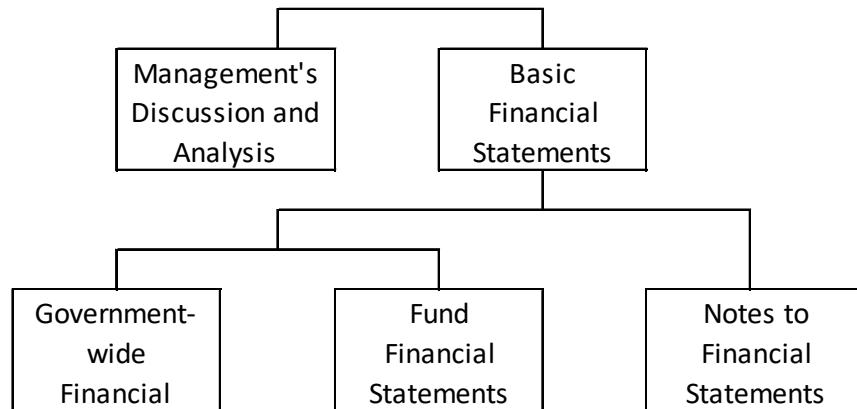
This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: (1) Government-Wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to Financial Statements (see Figure 1). The basic financial statements present two different views of the County through the use of Government-Wide Financial Statements and Fund Financial Statements. In addition to the basic financial statements, this report contains supplementary information that will enhance the reader's understanding of the financial condition of the County.

- The statements presented on pages 12 and 13 are the Government-Wide Financial Statements. They provide both short-term and long-term information about the County's financial status.
- The next statements are the Fund Financial Statements. These statements focus on the individual activities of the County. They provide more detail than the Government-wide Financial Statements. There are four parts to the Fund Financial Statements: (1) the governmental fund statements, (2) the budgetary comparison statement, (3) the proprietary fund statements, and (4) the fiduciary fund statements.
- The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is the required supplementary information that further explains and supports the information in the financial statements.



## Required Components of Annual Financial Report

Figure 1



### ANALYSIS OF NET POSITION

The following analysis focuses on net position (Table 1) and change in net position (Table 2). Net position may serve, over time, as one useful indicator of the County's financial condition. Unrestricted net position can be used to finance day-to-day operations of the County and reduce the effect of property taxes.

**Table 1**

	<u>June 30, 2019</u>	<u>June 30, 2020</u>
<b>Assets</b>		
Current and other assets	\$ 48,091,218	\$ 57,847,209
Capital assets	<u>39,991,978</u>	<u>38,371,572</u>
Total assets	88,083,196	96,218,781
Deferred outflows of resources	6,476,414	5,001,730
<b>Liabilities</b>		
Other liabilities	12,245,527	14,426,061
Long-term liabilities	<u>54,140,901</u>	<u>51,989,869</u>
Total liabilities	66,386,428	66,415,930
Deferred inflows of resources	5,735,799	5,092,997
<b>Net Position</b>		
Net investment in capital assets	37,529,537	37,724,583
Restricted	4,905,303	5,445,413
Unrestricted	<u>(19,997,457)</u>	<u>(13,458,412)</u>
Total net position	\$ <u><u>22,437,383</u></u>	\$ <u><u>29,711,584</u></u>

**Table 2**

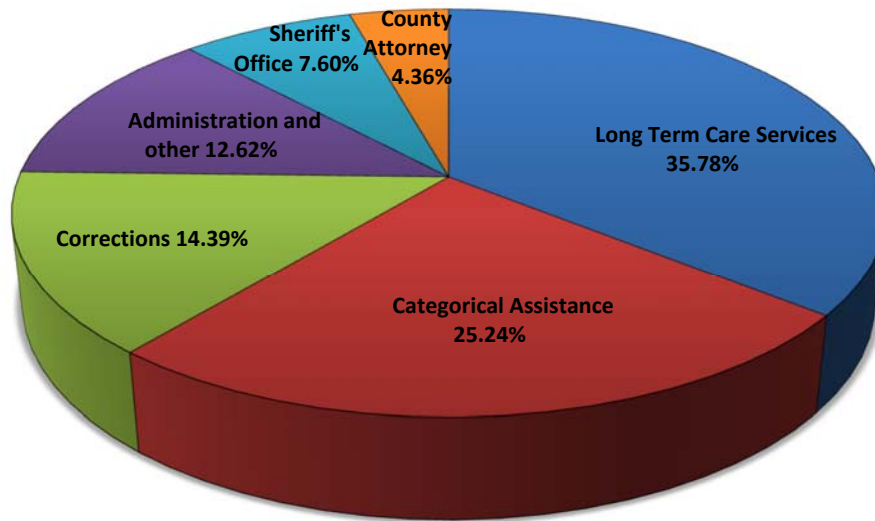
	<u>June 30, 2019</u> *	<u>June 30, 2020</u>
Revenues:		
Program revenues:		
Charges for services:		
Long term care services	\$ 36,734,821	\$ 26,732,859
Corrections	227,642	122,832
Administration and other	5,539,926	4,474,215
Sheriff's office	1,961,824	1,056,270
County attorney	<u>277,619</u>	<u>55,135</u>
Total charges for services	44,741,832	32,441,311
Operating grants and contributions	151,550	2,553,944
General revenues:		
Taxes	49,130,196	50,297,336
Investment income	576,651	344,576
Miscellaneous	<u>1,157,741</u>	<u>1,007,750</u>
Total revenues	95,757,970	86,644,917
Expenses:		
Long-term care services	38,641,963	28,402,371
Categorical assistance	28,794,738	20,029,913
Corrections	15,545,492	11,423,557
Administration and other	14,630,020	10,017,723
Sheriff's office	8,935,204	6,035,127
County attorney	<u>4,979,009</u>	<u>3,462,025</u>
Total expenses	<u>111,526,426</u>	<u>79,370,716</u>
Change in net position	(15,768,456)	7,274,201
Net position - beginning of year	<u>38,205,839</u>	<u>22,437,383</u>
Net position - end of year	<u>\$ 22,437,383</u>	<u>\$ 29,711,584</u>

\*Reflects 18 months of activity as the County transitioned from a December 31 to June 30 fiscal year.

## GOVERNMENTAL ACTIVITIES

Below is a graph that presents actual expenses under each of the major governmental activities as a percentage of total expenses.

### Expenses by Function - Governmental Activities For the Fiscal Year Ended June 30, 2020



The following tables present the costs and net costs of the major County departments/functions. Costs are based upon total expenses and net costs are calculated by taking the total function-specific expenses, less direct revenues related to that particular function. The net costs represent amounts that are funded by general revenues, notably taxes.

Table 3 - Total and Net Cost of Services

Function / Program	June 30, 2019			June 30, 2020		
	Total Cost of Services	Revenues	Net Cost of Services	Total Cost of Services	Revenues	Net Cost of Services
Long-term Care Services	\$ 38,641,963	\$36,734,821	\$ 1,907,142	\$ 28,402,371	\$ 28,095,236 *	\$ 307,135
Categorical Assistance	28,794,738	-	28,794,738	20,029,913	-	20,029,913
Corrections	15,545,492	227,642	15,317,850	11,423,557	497,322	10,926,235
Administration and Other	14,630,020	5,539,926	9,090,094	10,017,723	4,487,850	5,529,873
Sheriff's Office	8,935,204	2,040,020	6,895,184	6,035,127	1,811,224	4,223,903
County Attorney	4,979,009	350,973	4,628,036	3,462,025	103,623	3,358,402
	<u>\$111,526,426</u>	<u>\$44,893,382</u>	<u>\$66,633,044</u>	<u>\$ 79,370,716</u>	<u>\$ 34,995,255</u>	<u>\$44,375,461</u>

\*This amount reflects the budgetary net cost; actual net cost of services (a portion of which is reflected in Administration and Other), including Engineering and Maintenance, Information Technology, Human Resources, and Finance functions.

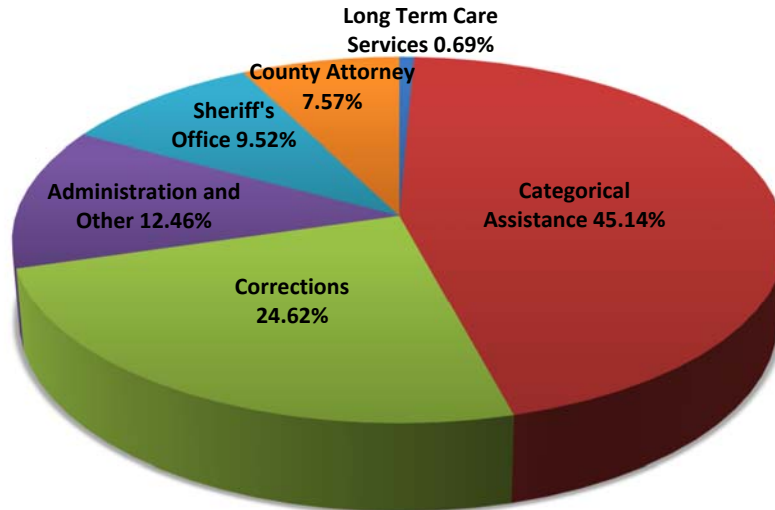
**Table 4 - Comparative Net Cost of Services**

<b>Function / Program</b>	<b>6/30/2019</b>	<b>6/30/2020</b>	Change in Net Cost of Services
	Net Cost of Services	Net Cost of Services	
Long-term Care Services	\$ 1,907,142	\$ 307,135	\$ (1,600,007)
Categorical Assistance	28,794,738	20,029,913	(8,764,825)
Corrections	15,317,850	10,926,235	(4,391,615)
Administration and Other	9,090,094	5,529,873	(3,560,221)
Sheriff's Office	6,895,184	4,223,903	(2,671,281)
County Attorney	4,628,036	3,358,402	(1,269,634)
	<u>\$66,633,044</u>	<u>\$44,375,461</u>	<u>\$ (22,257,583)</u>

*Note: For Table 3 and Table 4 presentation purposes, debt interest costs are included in the "Administration and Other" function/program.*

The following chart is a graphical presentation of the components of the 2020 Net Costs of Services from Table 4. The primary source of funding for net costs is property tax revenues.

**Net Cost of Services - by Function/Program  
For the Fiscal Period Ended June 30, 2020**



## **COUNTY GOVERNMENTAL FUNDS**

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the County. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund appropriations. At June 30, 2020, unassigned fund balance represents 19.2% of total General Fund (budgeted) fiscal year 2021 appropriations, while total fund balance represents 29.2% of that same amount.

## **CAPITAL ASSETS AND LONG-TERM DEBT**

### ***Capital Assets***

At June 30, 2020, the County reported approximately \$38.4 million in capital assets, net of depreciation, which includes construction in progress of approximately \$935,000. These assets include land, buildings and improvements, machinery, equipment and furnishings, and vehicles.

### ***Long-Term Debt***

At June 30, 2020, the County had approximately \$52 million in outstanding long-term debt, comprised of \$9.3 million in general obligation bonds, \$2.7 million in compensated absences, \$4.3 million net OPEB liability, \$35.5 million net pension liability, and approximately \$244,000 in capital leases payable.

Additional information on capital assets and long-term debt can be found in the Notes to Financial Statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Property taxes accounted for 58% of expected resources for the fiscal year ended June 30, 2020 and also account for 58% of revenues in the fiscal year 2021 budget. The year ended June 30, 2020 is Rockingham County's first 12-month June 30 fiscal year. Other sources of funding, notably assigned fund balance (as discussed below), comprised a greater portion of the 2018-2019 budget in comparison to fiscal year 2020 due primarily to the 18-month transitional fiscal period to a June 30 fiscal year.
- Categorical Assistance expenses continue to be the largest net County expenditure, followed by Corrections, and comprise 23% of fiscal year 2020 budgeted appropriations. The amount that the County is liable for is set by the State of New Hampshire annually, and is outside of the control of County management. One benefit of the County's move to a June 30 fiscal year end is that it is now on the same fiscal year cycle as the State and,

therefore, will have updated information on this major expense category prior to passage of its budget.

- The COVID-19 epidemic has negatively impacted the County in many ways, notably with staffing shortages and reduced Nursing Home revenues. While a multitude of Federal assistance and award programs (e.g., the Families First Coronavirus Response Act, or “FFCRA”, and the CARES Act) have helped reduce fiscal year 2020 revenue shortfalls, Nursing Home revenues will reflect a sharper decline in fiscal year 2021.
- Effective July 1, 2020, the County instituted a new Special Revenue Fund for Contingent Grants. This new fund shall record the fully contingent portion of grants and Federal awards, and will assist in providing more efficient accounting of the multitude of Federal and State grants and awards that have been made available in response to the COVID-19 epidemic.

## **REQUESTS FOR INFORMATION**

This financial report is intended to provide report users with a general overview of the County of Rockingham, New Hampshire’s finances at June 30, 2020. Questions about this report can be directed to the Finance Office at 119 North Road, Brentwood, New Hampshire, 03833. Additional information about the County of Rockingham, New Hampshire can be found at [www.rockinghamcountynh.org](http://www.rockinghamcountynh.org).

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Statement of Net Position  
June 30, 2020

	Governmental Activities
<b>Assets</b>	
Current:	
Cash and short-term investments	\$ 49,457,471
Restricted cash	1,195,489
Investments	81,502
Receivables:	
Accounts, net	1,224,762
Due from other governments, net	4,343,209
Due from external parties	407,886
Prepaid expenses	475,743
Inventory	661,147
Total Current Assets	57,847,209
Noncurrent:	
Capital Assets:	
Land	578,857
Construction in progress	934,860
Other capital assets, net of accumulated depreciation	36,857,855
Total Noncurrent Assets	38,371,572
Total Assets	96,218,781
<b>Deferred Outflows of Resources</b>	
Pension related	4,612,126
OPEB related	389,604
Total Deferred Outflows of Resources	5,001,730
<b>Liabilities</b>	
Current:	
Accounts payable	1,867,557
Accrued payroll and related liabilities	1,126,920
Due to other governments	10,383,047
Incurred but not reported claims liability	926,170
Accrued interest payable	122,367
Current portion of noncurrent liabilities:	
Bonds payable	1,587,007
Capital leases payable	161,071
Compensated absences	396,895
Total Current Liabilities	16,571,034
Noncurrent:	
Bonds payable, net of current portion	7,677,437
Capital leases payable, net of current portion	83,288
Compensated absences, net of current portion	2,301,457
Net pension liability	35,522,347
Net OPEB liability	4,260,367
Total Noncurrent Liabilities	49,844,896
Total Liabilities	66,415,930
<b>Deferred Inflows of Resources</b>	
Pension related	4,426,634
OPEB related	359,166
Revenues collected in advance	307,197
Total Deferred Inflows of Resources	5,092,997
<b>Net Position</b>	
Net investment in capital assets	37,724,583
Restricted for:	
Grants and other statutory restrictions	5,412,441
Permanent funds	32,972
Unrestricted	(13,458,412)
Total Net Position	\$ 29,711,584

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Statement of Activities  
For the Year Ended June 30, 2020

		<u>Program Revenues</u>		<u>Net (Expenses)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenues and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Change in</u>
			<u>Contributions</u>	<u>Net Position</u>
<b>Governmental Activities</b>				
Long-term Care Services:				
Nursing home	\$ 26,545,986	\$ 25,187,966	\$ 1,294,308	\$ (63,712)
Assisted living	1,856,385	1,544,893	68,069	(243,423)
Categorical assistance	20,029,913	-	-	(20,029,913)
Corrections	11,423,557	122,832	374,490	(10,926,235)
Administration and Other:				
Maintenance	4,113,021	108,846	2,952	(4,001,223)
Deeds	1,146,233	4,345,684	2,670	3,202,121
Finance	1,241,038	-	531	(1,240,507)
General government	644,480	-	6,665	(637,815)
Human resources	730,916	-	198	(730,718)
Information technology	604,088	19,685	460	(583,943)
Statutory organizations	487,804	-	-	(487,804)
Non-county specials	202,500	-	-	(202,500)
Commissioners	248,050	-	159	(247,891)
Delegation	100,584	-	-	(100,584)
Medical examiner	66,893	-	-	(66,893)
Treasurer	14,483	-	-	(14,483)
Interest	417,633	-	-	(417,633)
Sheriff's office	6,035,127	1,056,270	754,954	(4,223,903)
County attorney	<u>3,462,025</u>	<u>55,135</u>	<u>48,488</u>	<u>(3,358,402)</u>
Total Governmental Activities	\$ <u>79,370,716</u>	\$ <u>32,441,311</u>	\$ <u>2,553,944</u>	(44,375,461)
<b>General Revenues</b>				
				50,297,336
				344,576
				<u>1,007,750</u>
				<u>51,649,662</u>
				7,274,201
<b>Net Position</b>				
				<u>22,437,383</u>
				\$ <u>29,711,584</u>

The accompanying notes are an integral part of these financial statements.



**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Governmental Funds  
Balance Sheet  
June 30, 2020

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and short-term investments	\$ 30,929,232	\$ 4,015,737	\$ 60,900	\$ 35,005,869
Restricted cash	1,091,648	-	103,841	1,195,489
Investments	-	-	81,502	81,502
Receivables:				
Accounts, net	1,123,463	-	50	1,123,513
Due from other governments, net	4,289,647	-	-	4,289,647
Due from other funds	608,061	-	319,411	927,472
Prepaid expenses	381,409	-	-	381,409
Inventory	661,147	-	-	661,147
<b>Total Assets</b>	<b>\$ 39,084,607</b>	<b>\$ 4,015,737</b>	<b>\$ 565,704</b>	<b>\$ 43,666,048</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,669,835	\$ 112,878	\$ -	\$ 1,782,713
Accrued payroll and related liabilities	1,126,920	-	-	1,126,920
Due to other governments	10,383,047	-	-	10,383,047
Due to other funds	454,113	41,045	48,852	544,010
<b>Total Liabilities</b>	<b>13,633,915</b>	<b>153,923</b>	<b>48,852</b>	<b>13,836,690</b>
<b>Deferred Inflows of Resources</b>				
Revenues collected in advance	297,419	-	-	297,419
<b>Fund Balances</b>				
Nonspendable:				
Prepaid expenses	381,409	-	-	381,409
Inventory	661,147	-	-	661,147
Nonexpendable permanent funds	-	-	32,972	32,972
<b>Total Nonspendable</b>	<b>1,042,556</b>	<b>-</b>	<b>32,972</b>	<b>1,075,528</b>
Restricted:				
Long-term care (RSA 24:13)	456,687	-	-	456,687
LCHIP surcharges (RSA 478:17-g)	634,961	-	-	634,961
Capital projects	-	3,836,913	-	3,836,913
Special revenue funds	-	-	483,880	483,880
<b>Total Restricted</b>	<b>1,091,648</b>	<b>3,836,913</b>	<b>483,880</b>	<b>5,412,441</b>
Assigned:				
Subsequent year budget	6,116,011	-	-	6,116,011
Encumbrances	302,398	24,901	-	327,299
<b>Total Assigned</b>	<b>6,418,409</b>	<b>24,901</b>	<b>-</b>	<b>6,443,310</b>
Unassigned:				
Unassigned	16,600,660	-	-	16,600,660
<b>Total Fund Balances</b>	<b>25,153,273</b>	<b>3,861,814</b>	<b>516,852</b>	<b>29,531,939</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 39,084,607</b>	<b>\$ 4,015,737</b>	<b>\$ 565,704</b>	<b>\$ 43,666,048</b>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
in the Statement of Net Position  
June 30, 2020

<b>Total governmental fund balances</b>	\$ 29,531,939
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	38,371,572
Internal service funds are used by management to account for certain activities. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	12,742,676
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(122,367)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds payable	(9,264,444)
Capital leases payable	(244,359)
Compensated absences (unfunded)	(1,736,650)
Net pension liability and related deferred outflows/inflows of resources	(35,336,854)
Net OPEB liability and related deferred outflows/inflows of resources	<u>(4,229,929)</u>
<b>Net position of governmental activities</b>	<u>\$ 29,711,584</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2020

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 50,297,336	\$ -	\$ -	\$ 50,297,336
Charges for services	32,226,982	-	214,329	32,441,311
Intergovernmental	2,553,944	-	-	2,553,944
Investment income	187,303	35,107	7,053	229,463
Miscellaneous	<u>872,051</u>	<u>-</u>	<u>-</u>	<u>872,051</u>
Total Revenues	86,137,616	35,107	221,382	86,394,105
<b>Expenditures</b>				
Long-term Care Services:				
Nursing home	25,325,379	-	-	25,325,379
Assisted living	1,665,616	-	-	1,665,616
Categorical assistance	20,029,913	-	-	20,029,913
Corrections	10,659,736	-	210	10,659,946
Administration and Other:				
Maintenance	3,788,704	-	-	3,788,704
Deeds	1,156,130	-	-	1,156,130
Finance	1,242,565	-	-	1,242,565
General government	630,219	-	-	630,219
Human resources	708,649	-	-	708,649
Information technology	584,714	-	-	584,714
Grants	861,806	-	-	861,806
Statutory organizations	487,804	-	-	487,804
Non-county specials	202,500	-	-	202,500
Commissioners	232,093	-	-	232,093
Delegation	100,406	-	-	100,406
Medical examiner	66,893	-	-	66,893
Treasurer	14,483	-	-	14,483
Sheriff's office	6,292,831	-	25,383	6,318,214
County attorney	3,516,555	-	-	3,516,555
Capital outlay	27,475	779,694	-	807,169
Debt service:				
Principal	1,461,000	-	-	1,461,000
Interest	<u>435,300</u>	<u>-</u>	<u>-</u>	<u>435,300</u>
Total Expenditures	<u>79,490,771</u>	<u>779,694</u>	<u>25,593</u>	<u>80,296,058</u>
Excess (deficiency) of revenues over expenditures	6,646,845	(744,587)	195,789	6,098,047
<b>Other Financing Sources (Uses)</b>				
Proceeds of capital lease	249,917	-	-	249,917
Transfers:				
Deeds and other	188,795	-	(188,795)	-
Capital projects	<u>(981,640)</u>	<u>981,640</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(542,928)</u>	<u>981,640</u>	<u>(188,795)</u>	<u>249,917</u>
Change in Fund Balances	6,103,917	237,053	6,994	6,347,964
Fund Balances, at Beginning of Year	<u>19,049,356</u>	<u>3,624,761</u>	<u>509,858</u>	<u>23,183,975</u>
Fund Balances, at End of Year	<u>\$ 25,153,273</u>	<u>\$ 3,861,814</u>	<u>\$ 516,852</u>	<u>\$ 29,531,939</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2020

**Net changes in fund balances - total governmental funds** \$ 6,347,964

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital asset purchases	1,362,612
Depreciation	(2,977,207)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the amount of the proceeds received from the sale or disposal of capital assets, reduced by the actual net value of the disposed assets. (5,811)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Repayments of bonds	1,461,000
Amortization of bond premium	135,699
Proceeds of capital lease	(249,917)
Repayments of capital lease	231,617

In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 17,665

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences - change in unfunded liability	(371,273)
Change in net pension liability and related deferred outflows and inflows	391,587
Change in net OPEB liability and related deferred outflows and inflows	(28,683)

Internal service funds are used by management to account for certain activities. The net activity of internal service funds is reported with governmental activities. 958,948

**Change in net position - governmental activities** \$ 7,274,201

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

General Fund

Statement of Revenues and Other Sources, and Expenditures and Other Uses - Budget and Actual  
For the Year Ended June 30, 2020

	Original Budget	From Prior Years' Budget	Approved Transfers	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>Beginning Budgetary Fund Balance</b>	\$ 5,696,369	\$ 275,020	\$ -	\$ 5,971,389	\$ -	\$ (5,971,389)
<b>Revenues (Inflows)</b>						
Taxes	50,297,336	-	-	50,297,336	50,297,336	-
Charges for services:						
Long-term Care Services:						
Nursing home	21,626,194	-	-	21,626,194	25,177,924	3,551,730
Assisted living	1,686,251	-	-	1,686,251	1,544,893	(141,358)
Corrections	86,002	-	-	86,002	55,287	(30,715)
Administration and Other:						
Deeds	3,337,000	-	-	3,337,000	4,216,778	879,778
Information technology	15,000	-	-	15,000	19,685	4,685
Maintenance	43,600	-	-	43,600	108,846	65,246
Sheriff	1,375,181	-	-	1,375,181	1,048,434	(326,747)
County attorney	113,619	-	-	113,619	55,135	(58,484)
Intergovernmental	939,785	-	-	939,785	2,553,944	1,614,159
Investment income	160,000	-	-	160,000	187,303	27,303
Miscellaneous	321,503	-	-	321,503	872,051	550,548
Transfers from other funds	213,516	-	-	213,516	188,795	(24,721)
Amounts Available for Appropriation	85,911,356	275,020	-	86,186,376	86,326,411	140,035
<b>Charges to Appropriations (Outflows)</b>						
Long-term Care Services:						
Nursing home	26,494,130	78,729	400,000	26,972,859	25,330,884	1,641,975
Assisted living	1,756,445	-	-	1,756,445	1,664,923	91,522
Categorical assistance	19,820,139	-	319,298	20,139,437	20,029,913	109,524
Corrections	12,218,670	48,375	(169,298)	12,097,747	10,659,736	1,438,011
Administration and Other:						
Maintenance	4,658,124	95,770	-	4,753,894	4,132,986	620,908
Deeds	1,357,269	-	-	1,357,269	1,156,130	201,139
Finance	1,278,319	46,554	-	1,324,873	1,242,565	82,308
General government	789,524	-	-	789,524	630,219	159,305
Human resources	775,581	-	-	775,581	708,649	66,932
Information technology	612,848	-	-	612,848	584,714	28,134
Grants	861,896	-	-	861,896	861,806	90
Statutory organizations	487,804	-	-	487,804	487,804	-
Non-county specials	212,502	-	-	212,502	202,500	10,002
Commissioners	237,869	-	-	237,869	232,093	5,776
Delegation	330,529	-	(150,000)	180,529	100,406	80,123
Medical examiner	93,004	-	-	93,004	66,893	26,111
Treasurer	18,697	-	-	18,697	14,483	4,214
Sheriff's office	6,585,445	5,592	-	6,591,037	6,078,598	512,439
County attorney	4,010,621	-	-	4,010,621	3,516,555	494,066
Capital outlay	34,000	-	-	34,000	27,475	6,525
Debt service:						
Principal	1,461,000	-	-	1,461,000	1,461,000	-
Interest	435,300	-	-	435,300	435,300	-
Transfers to other funds	1,381,640	-	(400,000)	981,640	981,640	-
Total Charges to Appropriations	85,911,356	275,020	-	86,186,376	80,607,272	5,579,104
<b>Ending Budgetary Fund Balance</b>	\$ -	\$ -	\$ -	\$ -	\$ 5,719,139	\$ 5,719,139

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Proprietary Funds  
Statement of Net Position  
June 30, 2020

	Internal Service <u>Funds</u>
<b>Assets</b>	
Current Assets:	
Cash and short-term investments	\$ 14,451,602
Receivables:	
Accounts	101,249
Due from other governments	53,562
Due from other funds	431,606
Prepaid expenses	<u>94,333</u>
Total Current Assets	<u>15,132,352</u>
Total Assets	15,132,352
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	84,844
Due to other funds	407,182
Incurred but not reported claims liability	926,170
Current portion of noncurrent liabilities:	
Compensated absences	<u>396,895</u>
Total Current Liabilities	1,815,091
Noncurrent Liabilities:	
Compensated absences, net of current portion	<u>564,807</u>
Total Noncurrent Liabilities	<u>564,807</u>
Total Liabilities	2,379,898
<b>Deferred Inflows of Resources</b>	
Revenues collected in advance	9,778
<b>Net Position</b>	
Unrestricted	<u>12,742,676</u>
Total Net Position	<u>\$ 12,742,676</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Proprietary Funds  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
For the Year Ended June 30, 2020

	Internal Service Funds
Operating Revenues	
Employee and employer contributions	\$ <u>9,196,896</u>
Total Operating Revenues	9,196,896
Operating Expenses	
Employee benefits	<u>8,244,354</u>
Total Operating Expenses	<u>8,244,354</u>
Operating Income (Loss)	952,542
Nonoperating Revenues (Expenses)	
Investment income	115,113
Miscellaneous	<u>(108,707)</u>
Total Nonoperating Revenues (Expenses), Net	<u>6,406</u>
Change in Net Position	958,948
Net Position, Beginning of Year	<u>11,783,728</u>
Net Position, End of Year	\$ <u><u>12,742,676</u></u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2020

	Internal Service <u>Funds</u>
Cash Flows From Operating Activities	
Receipts from users	\$ 9,143,494
Payments to providers	(8,257,427)
Other receipts (payments)	<u>(108,707)</u>
Net Cash Provided By Operating Activities	777,360
 Cash Flows From Noncapital Financing Activities	
Net change in due to/from other funds	<u>(990,125)</u>
Net Cash Used For Noncapital Financing Activities	(990,125)
 Cash Flows From Investing Activities	
Investment income	<u>115,113</u>
Net Cash Provided By Investing Activities	<u>115,113</u>
 Net Change in Cash and Short-Term Investments	(97,652)
Cash and Short-Term Investments, Beginning of Year	<u>14,549,254</u>
Cash and Short-Term Investments, End of Year	\$ <u><u>14,451,602</u></u>
 Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities	
Operating income	\$ 952,542
Adjustments to reconcile operating income to net cash provided by operating activities:	
Nonoperating revenues (expenses)	(108,707)
Changes in assets and liabilities:	
Receivables	(76,772)
Due from other governments	18,214
Prepaid expenses	(43,183)
Accounts payable	2,056
Incurred but not reported claims liability	76,110
Compensated absences	(48,056)
Revenues collected in advance	<u>5,156</u>
Net Cash Provided By Operating Activities	\$ <u><u>777,360</u></u>

The accompanying notes are an integral part of these financial statements.



**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Fiduciary Funds  
Statement of Fiduciary Net Position  
June 30, 2020

	Agency Funds
<b>Assets</b>	
Cash and short-term investments	\$ 628,552
Accounts receivable	476
Due from other funds	<u>76</u>
Total Assets	<u>\$ 629,104</u>
<b>Liabilities</b>	
Due to other funds	\$ 407,962
Due to specific individuals	<u>221,142</u>
Total Liabilities	<u>\$ 629,104</u>

The accompanying notes are an integral part of these financial statements.

# COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

The accounting policies of the County of Rockingham, New Hampshire (the County) conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant Generally Accepted Accounting Principles applicable to the County, and the County's conformity with such principles, are described below. These disclosures are an integral part of the County's financial statements.

#### ***Reporting Entity***

The County of Rockingham, New Hampshire is a body corporate governed by a Commissioner form of government and provides County services as authorized by state statutes. As required by GAAP, specifically Statement No. 14 (as amended) of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, these financial statements are required to present the County of Rockingham, New Hampshire and its "component units" (if any). A primary government is defined by the GASB as any state government or general-purpose local government. Additionally, a primary government may also consist of a special-purpose government (such as a school district) that meets all of the following criteria: (a) it has a separately elected governing body, (b) it is legally separate, and (c) it is fiscally independent of other governments.

A component unit is defined by the GASB as a legally separate organization for which the elected officials of the primary government are "financially accountable". The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is "fiscally dependent" on the primary government. Fiscal independency is defined by the GASB as the ability to complete certain essential fiscal events without substantive approval by a primary government, (a) determine its budget without another government having the authority to approve and modify that budget, (b) levy taxes or set rates or charges without approval by another government, and (c) issue bonded debt without approval by another government. For the current year, there were no potential component units identified upon which the application of these criteria applied.

## ***Government-Wide and Fund Financial Statements***

### ***Government-Wide Financial Statements***

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the County. The effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

### ***Fund Financial Statements***

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

## ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

### ***Government-Wide Financial Statements***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as well as the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The effect of interfund activity has been eliminated from the government-wide financial statements.

### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period and available to pay current liabilities. Generally, all other revenue items are considered to be measurable and available only when cash is received by the County. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, compensated absences, claims and judgements, and pension and OPEB costs are recorded as expenditures only when payment is due.

The County reports the following major governmental funds:

- The *General Fund* is used to account for the resources traditionally associated with County operations, which are not required legally to be accounted for in another fund. The General Fund is the overall operating fund of the County.
- The *Capital Projects Fund* is used to account for the acquisition or construction of capital assets.

Nonmajor governmental funds account for *special revenue* and *permanent fund* activity.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties or to other departments or agencies primarily within the County. The self-insured risk management programs are operated by the County and are accounted for as proprietary (internal service) funds in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.

Fiduciary funds are generally used to account for assets that the County holds on behalf of others. The County currently has the following fiduciary (agency) funds:

- *Inmates Fund* are used to account for funds held by the County for individuals incarcerated at the County Corrections Facility.
- *Nursing Home Residents Fund* accounts for funds held by the County for individuals living in the Long-term Care facility.
- *Assisted Living Security Deposits* are held by the County for individuals living in the Assisted Living Facility.

#### ***Cash and Short-Term Investments***

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain capital project, special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds. Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts.

For purpose of the Statement of Cash Flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

### ***Investments***

The County Treasurer is authorized by state statutes to invest excess funds, with the approval of the Commissioners, in the following:

- Obligations of the United States Government,
- Savings bank deposits of banks incorporated under the laws of the State of New Hampshire,
- Certificates of deposits of banks incorporated under the laws of the State of New Hampshire or in national banks located within the States of New Hampshire or Massachusetts, or,
- “Participation units” of the New Hampshire Public Deposit Investment Pool established under RSA 383:22.

The receiver of such public funds to be deposited or to be invested in securities shall “prior to acceptance of such funds” provide a collateralization option for such funds in an amount at least equal to the amount to be deposited or invested in securities.

The County was in compliance with these applicable deposit and investment state laws and regulations for the year.

### ***Interfund Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as “due from/to other funds” (i.e., the current portion of interfund loans).

### ***Inventory***

Inventory is valued at cost using the first-in/first-out (FIFO) method. Significant inventory balances on hand in governmental funds at year-end are reported as assets of the respective fund, with an offsetting nonspendable fund balance.

### ***Capital Assets***

Capital assets, which include land, construction in progress, buildings and improvements, machinery, equipment and furnishings, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years.

All Long-term Care fixed assets, including those of the Nursing Home, are valued at historical cost. As of November 2001, other County assets were valued at estimated cost and subsequent additions are recorded at actual cost. Donated assets are recorded at the estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Also, interest costs that are

deemed to be immaterial and not directly allocable to a specific asset are expensed when incurred.

The infrastructure assets owned and maintained by the County include only utility tunnels, drainage systems, water and sewer systems and dams and are included in the cost of the building and improvements the infrastructure is most identified with. Condition assessments are performed regularly and the results are used to budget annually the amount necessary to maintain and preserve the infrastructure.

The County has a sizable amount of capital asset projects in process at June 30, 2020 totaling \$934,860, 25% of which is comprised of Long Term Care Services security enhancements. The projects in process are included in the reporting of \$38,371,572 net capital assets in the related statements. Once a project is completed, it is reported in the asset category (see Note 8).

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 - 30
Machinery, equipment, and furnishings	3 - 15
Vehicles	4 - 10

### ***Compensated Absences***

Certain County employees are entitled to compensated absences based, in part, on their length of employment. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a liability of the fund that will pay it.

The funded portion of the compensated absences liability is reported in the Compensated Absences Fund. Any liability for which no funding is currently available is reported in the government-wide Statement of Net Position long term liabilities.

The calculation of compensated absences can include vacation, sick time, earned time and holiday pay that are attributable to past service in which it is probable that the County will compensate the employee through paid time off or cash payment. The calculation also includes the incremental cost of any item associated with compensation payments such as the employer share of Social Security, Medicare, and retirement.

### ***Long-Term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as

liabilities. In the applicable governmental activities or proprietary fund type, such long-term obligations are reported in the Statement of Net Position.

### ***Fund Equity***

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

### ***Fund Balance***

Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. The County reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriation or expenditure. For governmental funds, unassigned fund balances represent the amount that may be available for budgeting future operations. The General Fund is the only fund that reports a positive unassigned fund balance. The County has set and historically exceeded a financial management goal of attaining an unassigned fund balance of at least three months of budgeted appropriations. With the utilization of \$15,004,199 of assigned fund balance with the transition to a June 30 fiscal year for the prior year, the County will not meet this goal for fiscal year 2020. The County did not utilize any of the \$5,696,369 budgeted use of fund balance for the year ended June 30, 2020.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the County uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

### ***Net Position***

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

### ***Use of Estimates***

The preparation of basic financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates used.

## 2. Stewardship, Compliance, and Accountability

### ***Budgetary Information***

Governmental revenues and expenditures are controlled by a formal integrated budgetary system which is substantially consistent with both Generally Accepted Accounting Principles (GAAP) and applicable State finance-related laws and regulations which govern the County's operations. The County budget is formally acted upon at the County Convention. During the year, appropriations may be transferred between line items, but total expenditures may not exceed the total approved budget (with the exception of emergency items, which require approval by the New Hampshire Department of Revenue Administration under RSA 32). At year-end, all unencumbered annual appropriations lapse. Other appropriations, which have a longer than annual authority, may carry over at year-end if the governing body intends to continue or complete the special purpose for which the funds were established. State legislation also requires balanced budgets. For the fiscal year ended June 30, 2020, \$5,696,369 of beginning General Fund unassigned fund balance was budgeted for use in reducing taxes, with none actually being utilized.

### ***Encumbrances***

Encumbrance accounting is utilized in the governmental funds to account for commitments relating to unperformed contracts for goods and services. Encumbrances outstanding at year-end are reported as assigned fund balance and do not constitute expenditures or liabilities of the governmental fund, but are carried forward to supplement appropriations of the succeeding year.

### ***Budgetary Basis***

The General Fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all transfers and supplemental appropriations, and use of prior year fund balance reserves.

### ***Budget/GAAP Reconciliation***

The budgetary data for the General Fund is based upon accounting principles that differ from Generally Accepted Accounting Principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison with budgetary data.



The following is a summary of adjustments made to the actual revenues and other sources and expenditures and other uses to conform to the budgetary basis of accounting.

<u>General Fund</u>	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 86,137,616	\$ 79,490,771
Other financing sources/uses (GAAP Basis)	<u>438,712</u>	<u>981,640</u>
Subtotal (GAAP Basis)	86,576,328	80,472,411
Adjustment for inventory budgeted on the cash basis	-	384,778
Reverse unbudgeted capital lease	<u>(249,917)</u>	<u>(249,917)</u>
Budgetary Basis	<u>\$ 86,326,411</u>	<u>\$ 80,607,272</u>

***Deficit Net Position***

The Compensated Absences Internal Service Fund reflects a deficit net position of \$(100,084) as of June 30, 2020. It is anticipated that this deficit will be eliminated through future transfers from other funds.

**3. Cash and Short-Term Investments**

***Custodial Credit Risk – Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. RSA 29:1, II states, “The amount of collected funds on deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus.” The County’s deposit policy for custodial credit risk is that all deposits with banks are to be fully insured and collateralized.

As of June 30, 2020, the County’s bank balance was fully insured and collateralized.

**4. Restricted Cash**

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. Within governmental funds, the General Fund restricted cash amount of \$1,091,648 is comprised of a \$456,687 non-lapsing reserve account to fund Long-term Care Services (established in accordance with RSA 24:13) and \$634,961 for an account that is

segregated for LCHIP surcharges (in accordance with RSA 478:17-g). These surcharges are collected by the Registry of Deeds, remitted to the State and are used to fund the State of New Hampshire’s Land and Community Heritage Investment Program (“LCHIP”), which was established with RSA 227-M.

The \$103,841 restricted cash that is part of Nonmajor Governmental Funds is comprised of amounts from the Nursing Home Special Account and Deeds Equipment funds, both of which are special revenue funds. The cash for each of these funds is restricted, as it can only be disbursed for expenditures as appropriated by the County Convention for Long-term Care services and the Registry of Deeds, respectively.

**5. Investments**

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law employs the prudent person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Presented below is the actual rating as of year-end for the investments of the County (all federal agency securities have an implied credit rating of AAA):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year-end</u>		
				<u>Aaa</u>	<u>Aa</u>	<u>Not Rated</u>
Mutual funds	\$ <u>81,502</u>	N/A	\$ <u>81,502</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Total investments	\$ <u>81,502</u>		\$ <u>81,502</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

***Custodial Credit Risk***

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the County will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The County has formal policies for custodial credit risk.

The County has a custodial credit risk exposure of \$81,502 because the related securities are uninsured, unregistered, and held by the County’s brokerage firm, which is also the counterparty to these securities. The County manages this custodial credit risk with SIPC and excess SIPC.

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributable to the magnitude of the County's investment in a single issuer. The County places no limit on the amount that may be invested in any one issuer. The County does not have formal investment policies related to concentration of credit risk exposure. At June 30, 2020, no investments in any one issuer represent 5% or more of total investments.

***Foreign Currency Risk***

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The County does not have a policy for foreign currency risk.

***Fair Value***

The County categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement 72, *Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County's investments are categorized as Level 1.

**6. Due from Other Governments, Net**

Due from other governments at June 30, 2020 consists primarily of amounts due from the State of New Hampshire for Nursing Home receivables.

**7. Interfund Accounts**

***Receivables/Payables***

Although self-balancing funds are maintained, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is a summary of June 30, 2020 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 608,061	\$ 454,113
Capital Projects Fund	-	41,045
Special Revenue Funds:		
Drug Task Force	-	3,205
Expendable Trust	-	28,043
Nursing Home Special Account	180	-
Assisted Living Donations	9,541	-
Inmate Commissary	294,907	50
Inmate Chapel	14,357	-
Deeds Equipment	426	-
Permanent Fund	-	17,554
Internal Service Funds:		
Health	161,056	195,265
Dental	147,128	128,345
Workers' Compensation	83,464	1,959
Compensated Absences	39,958	81,613
Agency Funds:		
Inmates	75	402,221
Nursing Home Residents	1	3,357
Assisted Living Security Deposits	-	2,384
Total	<u>\$ 1,359,154</u>	<u>\$ 1,359,154</u>

***Transfers***

The County reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. Annually, the County budgets for a transfer to the Capital Projects Fund from the General Fund to fund future capital projects. The sum of all transfers presented in the table on the following page agrees with the sum of interfund transfers presented in the governmental fund financial statements.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 188,795	\$ 981,640
Capital Projects Fund	981,640	-
Special Revenue Funds:		
Nursing Home Special Account	-	3,940
Inmate Commissary	-	34,855
Deeds Equipment	-	150,000
Total	<u>\$ 1,170,435</u>	<u>\$ 1,170,435</u>

## 8. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 60,090	\$ 12,848	\$ -	\$ 72,938
Machinery, equipment, and furnishings	13,966	487	(28)	14,425
Vehicles	<u>1,656</u>	<u>298</u>	<u>(117)</u>	<u>1,837</u>
Total capital assets, being depreciated	75,712	13,633	(145)	89,200
Less accumulated depreciation for:				
Buildings and improvements	(39,633)	(2,017)	-	(41,650)
Machinery, equipment, and furnishings	(8,549)	(738)	22	(9,265)
Vehicles	<u>(1,322)</u>	<u>(222)</u>	<u>117</u>	<u>(1,427)</u>
Total accumulated depreciation	<u>(49,504)</u>	<u>(2,977)</u>	<u>139</u>	<u>(52,342)</u>
Total capital assets, being depreciated, net	26,208	10,656	(6)	36,858
Capital assets, not being depreciated:				
Land	579	-	-	579
Construction in progress	<u>13,205</u>	<u>-</u>	<u>(12,270)</u>	<u>935</u>
Total capital assets, not being depreciated	<u>13,784</u>	<u>-</u>	<u>(12,270)</u>	<u>1,514</u>
Governmental activities capital assets, net	<u>\$ 39,992</u>	<u>\$ 10,656</u>	<u>\$ (12,276)</u>	<u>\$ 38,372</u>

Depreciation expense was charged to functions of the County as follows:

Long-term Care Services:	
Nursing home	\$ 1,179,424
Assisted living	150,082
Corrections	778,338
Administration and Other:	
Maintenance	448,160
Deeds	11,102
Finance	213
General government	14,260
Human resources	21,042
Information technology	32,526
Commissioners	23,994
Delegation	695
Sheriff's office	<u>317,371</u>
Total depreciation expense	\$ <u>2,977,207</u>

**9. Deferred Outflows of Resources**

Deferred outflows of resources represent the consumption of net position by the County that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

**10. Due to Other Governments**

Due to other governments consist of the following at June 30, 2020:

	General <u>Fund</u>
State of New Hampshire	\$ 10,368,044 *
Hillsborough County	6,555
Carroll County	4,543
Strafford County	1,725
Sullivan County	<u>2,180</u>
Total	\$ <u>10,383,047</u>

\*Includes approximately \$4.4 million of transfer taxes and \$4.7 million related to human services liabilities.

## 11. Long-Term Liabilities

### ***Changes in General Long-Term Liabilities***

During the year ended June 30, 2020, the following changes occurred in governmental activities long-term liabilities (in thousands):

	Total Balance <u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>Ending</u>	Less Current <u>Portion</u>	Equals Long-Term Portion <u>Ending</u>
<b><u>Governmental Activities</u></b>						
Bonds payable:						
Public offerings	\$ 3,155	\$ -	\$ (755)	\$ 2,400	\$ (780)	\$ 1,620
Direct placements	6,741	-	(706)	6,035	(700)	5,335
Unamortized bond premium	<u>965</u>	<u>-</u>	<u>(136)</u>	<u>829</u>	<u>(107)</u>	<u>722</u>
Subtotal	10,861	-	(1,597)	9,264	(1,587)	7,677
Other:						
Capital leases payable	226	250	(232)	244	(161)	83
Compensated absences	2,375	323	-	2,698	(397)	2,301
Net pension liability	36,008	-	(486)	35,522	-	35,522
Net OPEB liability	<u>4,671</u>	<u>-</u>	<u>(411)</u>	<u>4,260</u>	<u>-</u>	<u>4,260</u>
Totals	\$ <u>54,141</u>	\$ <u>573</u>	\$ <u>(2,726)</u>	\$ <u>51,988</u>	\$ <u>(2,145)</u>	\$ <u>49,843</u>

### ***General Obligation Bonds***

The County issues general obligation debt instruments (including direct placements) to provide funds for the acquisition and construction of major capital equipment, infrastructure, and other facilities. General obligation debt instruments are direct government obligations and, consequently, are a pledge of the full faith and credit of the County. General obligation debt instruments currently outstanding are as follows:

<b><u>Governmental Activities</u></b>	<b><u>Serial Maturities Through</u></b>	<b><u>Interest Rate(s) %</u></b>	<b><u>Amount Outstanding as of 6/30/20</u></b>
Public offerings:			
General Obligation Municipal Purpose Loan of 2013 Bonds	5/15/2023	3.0 - 4.0%	\$ 2,400,000
Direct placements:			
General Obligation Bonds 01/10/2018	8/15/2028	5.10%	2,080,000
General Obligation Bonds 01/09/2019	2/15/2029	4.1 - 5.1%	<u>3,954,750</u>
Total direct placements			<u>6,034,750</u>
Total general obligation bonds			\$ <u>8,434,750</u>

**Future Debt Service**

The annual payments to retire all general obligation bonds outstanding as of June 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>Bonds - Public Offerings</u>		<u>Bonds - Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 780,000	\$ 72,000	\$ 700,000	\$ 303,422
2022	800,000	48,600	700,000	267,722
2023	820,000	24,600	700,000	232,022
2024	-	-	699,750	196,322
2025	-	-	700,000	160,635
2026-2029	-	-	<u>2,535,000</u>	<u>285,540</u>
Total	<u>\$ 2,400,000</u>	<u>\$ 145,200</u>	<u>\$ 6,034,750</u>	<u>\$ 1,445,663</u>

**Capital Lease Obligations**

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function.

The following are the capital lease balances at year-end:

Vehicles, due in annual installments the next of which is \$82,593 including interest, through October 2020 at 3.44%.	\$ 79,846
Vehicles, due in annual installments the next of which is \$85,404 including interest, through March 2022 at 2.54%.	<u>164,513</u>
Total	<u>\$ 244,359</u>

Annual debt service requirements to maturity for capital lease obligations, including interest, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 161,071	\$ 6,925	\$ 167,996
2022	<u>83,288</u>	<u>2,156</u>	<u>85,444</u>
Totals	<u>\$ 244,359</u>	<u>\$ 9,081</u>	<u>\$ 253,440</u>

Vehicles financed by capital leases payable totaling \$489,546 is reported in capital assets net of \$181,669 accumulated depreciation.



## 12. **Deferred Inflows of Resources**

Deferred inflows of resources are the acquisition of net position by the County that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are more fully discussed in the corresponding pension and OPEB notes.

## 13. **Governmental Funds – Fund Balances**

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The County has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2020:

### ***Nonspendable***

Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

### ***Restricted***

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

### ***Committed***

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision-making authority.

### ***Assigned***

Represents amounts that are constrained by the County's intent to use these resources for a specific purpose. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet received.

**Unassigned**

Represents amounts that are available to be spent in future periods and deficit funds. The following is a breakdown of the County's fund balances at June 30, 2020:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid expenses	\$ 381,409	\$ -	\$ -	\$ 381,409
Inventory	661,147	-	-	661,147
Nonexpendable permanent funds	-	-	32,972	32,972
Total Nonspendable	1,042,556	-	32,972	1,075,528
Restricted:				
Long-term care (RSA 24:13)	456,687	-	-	456,687
LCHIP surcharges (RSA 478:17-g)	634,961	-	-	634,961
Capital projects	-	3,836,913	-	3,836,913
Special revenue funds	-	-	483,880	483,880
Total Restricted	1,091,648	3,836,913	483,880	5,412,441
Assigned:				
Subsequent year budget	6,116,011	-	-	6,116,011
Encumbrances	302,398	24,901	-	327,299
Total Assigned	6,418,409	24,901	-	6,443,310
Unassigned	16,600,660	-	-	16,600,660
Total Fund Balances	\$ 25,153,273	\$ 3,861,814	\$ 516,852	\$ 29,531,939

**14. New Hampshire Retirement System – Pension (GASB 68)**

The County follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (NHRS).

**Plan Description**

Full-time employees participate in the New Hampshire Retirement System (NHRS), a cost-sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan provides service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties,

municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to Group I. Police officers and firefighters belong to Group II. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

***Benefits Provided***

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service, and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012, the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service, as follows:

Years of creditable service as of <u>January 1, 2012</u>	Minimum <u>Age</u>	Minimum <u>Service</u>	Benefit <u>Multiplier</u>
At least 3 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

***Contributions***

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and 11.55% for police and 11.80% for fire. The County makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 10.88% to 24.77% of covered compensation. The County’s contributions to NHRS for the fiscal year ended June 30, 2020 was \$3,141,190, which was equal to its contractually required contribution.

***Summary of Significant Accounting Policies***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of NHRS and additions to/deductions from NHRS’s fiduciary net

position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2020, the County reported a liability of \$35,522,347 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the most recent measurement date June 30, 2019, the County’s proportion was 0.73825637%, which was a decrease of 0.00954475% from its previous year proportion.

For the year ended June 30, 2020, the County recognized pension expense of \$2,749,604. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 196,408	\$ 763,832
Net difference between projected and actual earnings on investments	-	290,167
Changes of assumptions	1,274,528	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	3,372,635
Contributions subsequent to the measurement date	<u>3,141,190</u>	<u>-</u>
Totals	<u>\$ 4,612,126</u>	<u>\$ 4,426,634</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in expense as follows:

Year ended June 30:

2021	\$ (197,182)
2022	(2,084,028)
2023	(681,044)
2024	<u>6,556</u>
Total	\$ <u>(2,955,698)</u>

***Actuarial Assumptions***

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.5% per year
Salary increases	5.60% average, including inflation
Wage inflation	3.25% per year (3.00% for Teachers)
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

Certain actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, most recently performed in 2016.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation Percentage	Weighted Average Average Long- Term Expected Real Rate of Return
Large Cap Equities	22.50 %	4.25%
Small/Mid Cap Equities	7.50	4.50%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.50%
Emerging Int'l Equities	7.00	6.00%
Total international equities	20.00	
Core Bonds	9.00	1.12%
Global Multi-Sector Fixed Income	10.00	2.46%
Absolute Return Fixed Income	6.00	1.50%
Total fixed income	25.00	
Private Equity	10.00	7.90%
Private Debt	5.00	4.86%
Total alternative investments	15.00	
Real Estate	10.00	3.00%
Total	100.00 %	

***Discount Rate***

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's

actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the County’s proportionate share of the net pension liability calculated using the current discount rate, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 47,565,886	\$ 35,522,347	\$ 25,568,456

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan’s fiduciary net position is available in the separately issued NHRS financial report.

**15. Other Post-Employment Benefits – OPEB (GASB 75)**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 establishes standards for recognizing and measuring assets, liabilities, deferred outflows/inflows of resources, and expenditures related to other post-employment benefits (OPEB) liabilities and identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

***County OPEB Plan***

The following disclosures for the County’s OPEB Plan are based on a measurement date of June 30, 2020.

***Plan Description***

The County indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the County who participate in the single-employer plan pay 100% of the healthcare premiums to participate in the County’s healthcare program. Since they are included in the same pool as active

employees, the insurance rates are implicitly higher for current employees, due to the age of consideration. This increased rate is an implicit subsidy the County pays for the retirees.

The County's OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75. The OPEB plan does not issue a publicly available financial report.

*Benefits Provided*

The County provides health care benefits for retirees and their dependents. Benefits are provided through the County, and the full cost of benefits is paid by retirees.

*Membership Data*

As of June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	23
Active employees	<u>395</u>
Total participants covered by OPEB plan	<u><u>418</u></u>

*Funding Policy*

The County's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute.



### *Actuarial Assumptions and Other Inputs*

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, rolled forward to the measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Discount rate	2.21%, net of investment expenses, including inflation
Healthcare cost trend rates	7.00% for 2019, decreasing to 0.45% per year to 5.20%, then grading down to the ultimate trend rate of 4.00% utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical trend rate is reached in 2075.
Retirees' share of benefit related costs	100%
Participation rate	40%
Pre-Retirement Mortality	PubG-2010 headcount-weighted Employee General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.
Post-Retirement Mortality	<p><u>Healthy Retirees</u>: 101% of PubG-2010 headcount-weighted Retiree General Mortality Tables for males and 109% of PubG-2010 headcount-weighted Retiree General Mortality Tables for females, projected with fully generational mortality improvement using scale MP-2019.</p> <p><u>Surviving Spouses</u>: PubG-2010 Contingent Survivor General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.</p> <p><u>Disabled Retirees</u>: PubG-2010 Disabled General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.</p>

### *Discount Rate*

The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that contributions from the County will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 2.21% municipal bond rate, based on the index provided by the Bond Buyer 20-Bond general Obligation Index based on the 20-year AA municipal bond rate as of June 30, 2020, was applied to all periods to determine the total OPEB liability.

*Changes in the Total OPEB Liability*

The following summarizes the changes to the total OPEB liability for the past fiscal year:

Beginning of year balance	\$ 1,740,535
Service cost	90,994
Interest	62,454
Benefit payments	(94,272)
Differences between expected and actual experience	(415,941)
Changes of assumptions	<u>161,358</u>
End of year balance	<u>\$ 1,545,128</u>

Changes of assumptions reflect a change in the discount rate from 3.50% to 2.21%. In addition, many other assumptions were updated in the valuation, including decrements, the inflation rate, healthcare trend rates, and mortality tables and mortality improvement rates.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 1,670,434	\$ 1,545,128	\$ 1,431,736

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
\$1,386,953	\$1,545,128	\$1,731,606

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2020, the County recognized OPEB expense of \$103,675. At June 30, 2020, the County reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 130,740	\$ 4,353
Difference between expected and actual experience	<u>-</u>	<u>337,015</u>
Total	<u>\$ 130,740</u>	<u>\$ 341,368</u>

Amounts reported as deferred outflows and (inflows) of resources related to OPEB will be recognized in expense as follows:

Year ended June 30:

2021	\$ (49,773)
2022	(49,773)
2023	(49,731)
2024	(48,308)
2025	<u>(13,043)</u>
Total	<u>\$ (210,628)</u>

***New Hampshire Retirement System Medical Subsidy Plan***

*Plan Description*

In addition to the County's OPEB plan discussed above, the County participates in the New Hampshire Retirement System's (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer other post-employment benefit plan for retiree health insurance subsidies. Benefit amounts and eligibility requirements are set by state law, and members are designated by type. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. Collectively they are referred to as the OPEB Plan.

NHRS issues publicly available financial reports that can be obtained in writing to them at 54 Regional Drive, Concord, New Hampshire 03301-8507 or from their website at <http://www.nhrs.org>.

*Benefits Provided*

The OPEB Plan provides a medical insurance subsidy to qualified retired members. The Medical Subsidy is a payment made by NHRS to the former employer or their insurance

administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the Medical Subsidy. The eligibility requirements for receiving OPEB Plan benefits differ for Group I and Group II members. The monthly Medical Subsidy rates are:

- 1 Person - \$375.56
- 2 Person - \$751.12
- 1 Person Medicare Supplement - \$236.84
- 2 Person Medicare Supplement - \$473.68

*Contributions*

Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the Medical Subsidy payment is via the employer contributions rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The County contributed 0.29% of gross payroll for Group I employees, 1.81% of gross payroll for Group I teachers, and 3.66% of gross payroll for Group II fire and police department members. Employees are not required to contribute. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the Medical Subsidy plan.

*Actuarial Assumptions and Other Inputs*

Actuarial assumptions are the same in the Retirement System footnote.

*Net OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB*

The County's proportionate share of the net OPEB liability for the NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2019 was \$2,715,239 representing 0.61933629%.

For the year ended June 30, 2020, the County recognized an OPEB expense related to the NHRS Medical Subsidy of \$278,143. At June 30, 2020, the County reported related deferred outflows and inflows of resources as follows:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 4,724
Net difference between projected and actual investment earnings	-	3,051
Change in proportion	-	10,023
Contributions subsequent to the measurement date	<u>258,864</u>	<u>-</u>
Total	<u>\$ 258,864</u>	<u>\$ 17,798</u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021.

Other amounts reported as deferred outflows and (inflows) of resources will be recognized in expense as follows:

<u>Year Ended June 30:</u>	
2021	\$ (16,771)
2022	(2,024)
2023	210
2024	<u>787</u>
Total	<u>\$ (17,798)</u>

*Sensitivity of the Net NHRS Medical Subsidy OPEB Liability to Changes in the Discount Rate*

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 2,945,090	\$ 2,715,239	\$ 2,515,514

*Health Care Cost Trend Rate*

Health care cost trend rates are not applicable given that the benefits are fixed stipends.

***Consolidation of Total/Net OPEB Liabilities and Related Deferred Outflows and Inflows***

The following consolidates the County’s total OPEB liability and related deferred outflows/inflows, and the County’s proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/inflows at June 30, 2020:

	Total/Net OPEB Liability	Total Deferred Outflows of Resources	Total Deferred Inflows of Resources	Total OPEB Expense
County OPEB Plan	\$ 1,545,128	\$ 130,740	\$ 341,368	\$ 103,675
NHRS Medical Subsidy Plan	<u>2,715,239</u>	<u>258,864</u>	<u>17,798</u>	<u>278,143</u>
Total	<u>\$ 4,260,367</u>	<u>\$ 389,604</u>	<u>\$ 359,166</u>	<u>\$ 381,818</u>

**16. Self-Insurance**

The County self-insures against claims for most health coverage, workers’ compensation and most employee dental coverage. Annual estimated requirements for claims are provided in the County’s annual operating budget.

***Health Insurance***

The County contracts with an insurance carrier for excess liability coverage and an insurance consultant for claims processing. Under the terms of its health insurance coverage for nonunion employees (and those of three unions, Sheriff’s Supervisors, Correctional Officers, and Long-term Care), the County is liable for all medical claims up to \$150,000 for a covered individual. Claims exceeding this amount are the responsibility of the stop loss (or reinsurance) carrier, which funds these specific claims in advance to the County, which then pays the claims to the providers. The claims liability represents an estimate of claims incurred but unpaid at year end, based on past historical costs and claims paid subsequent to year end.

***Dental Insurance***

The County does not contract with an insurance carrier for excess liability coverage. Under the terms of its dental insurance coverage, the County is liable for all dental claims up to an annual maximum of \$1,500 per covered individual on the “low” plan and \$2,000 per covered individual on the “high” plan. Any claim amounts exceeding the \$1,500 or \$2,000 maximum are the responsibility of the covered plan participants. The claims liability represents an estimate of claims incurred but unpaid at year-end, based on past historical costs and claims paid subsequent to year-end.

**Workers' Compensation**

The County contracts with an insurance consultant for claims processing of the County's workers' compensation policy, which has no excess liability coverage for any employees. The County does have excess workers' compensation coverage through another provider. The workers' compensation claims liability represents an estimate of future costs based on a historical analysis of similar claims for all employees excluding public safety. The County is unable to make any reasonable estimate of its liability for public safety employees.

Changes in the aggregate liability for claims for the year ended June 30, 2020 are as follows:

	<u>Health</u>	<u>Dental</u>	<u>Workers'</u> <u>Compensation</u>	<u>Total</u>
Claims liability, beginning of year	\$ 185,004	\$ 11,674	\$ 653,382	\$ 850,060
Claims incurred/recognized	6,846,080	409,121	530,859	7,786,060
Claims paid	<u>(6,839,889)</u>	<u>(410,485)</u>	<u>(459,576)</u>	<u>(7,709,950)</u>
Claims liability, end of year	\$ <u>191,195</u>	\$ <u>10,310</u>	\$ <u>724,665</u>	\$ <u>926,170</u>

**17. Operating Leases**

The County leases office space and equipment annually. Future minimum rental payments are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Office</u> <u>Space</u>	<u>Equipment</u> <u>Rental</u>	<u>Total</u>
2021	\$ 188,930	\$ 9,546	\$ 198,476
2022	<u>158,750</u>	<u>-</u>	<u>158,750</u>
Totals	\$ <u>347,680</u>	\$ <u>9,546</u>	\$ <u>357,226</u>

**18. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The County is a member of a public entity risk pool for all general liability risks, property liability risks, and for the protection of assets. The County has established risk management fund types in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, to account for and finance its uninsured risks of loss for health, dental, unemployment and workers' compensation. Settled claims, if any, have not exceeded the County's coverage in any of the past five years.

## **19. Commitments and Contingencies**

### ***COVID-19***

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on individuals served by the County, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

### ***Outstanding Legal Matters***

On an ongoing basis, there are typically pending legal matters in which the County is involved. The County follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. It is County management's opinion that the County is not liable in these suits, and the County intends to contest the cases. The County's management is also of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

### ***Grants***

Amounts received are subject to later year's review and adjustments by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. At June 30, 2020, the County believes that disallowed expenditures, if any, based on subsequent review will not have a material effect on any individual funds or the overall financial position of the County.

### ***Encumbrances***

At year-end, the County's General Fund has \$302,398, and the Capital Projects Fund has \$24,901, in encumbrances that will be honored the next fiscal year.

## **20. Subsequent Events**

Management has evaluated subsequent events through September 15, 2021, which is the date the financial statements were available to be issued.

## **21. New Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84 (GASB 84), *Fiduciary Activities*, effective for the County beginning with its fiscal year ending June 30, 2021. This statement establishes guidance on how to address the categorization of fiduciary activities for financial reporting and how fiduciary activities are to be reported, and may



require reclassification of certain funds. Management is in the process of evaluating the effect this standard will have on the financial statements.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the County beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements. Management is in the process of evaluating the effect this standard will have on the financial statements.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability

(Unaudited)

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
December 31, 2015	June 30, 2015	0.86913382%	\$ 34,430,972	\$ 22,090,187	155.87%	65.47%
December 31, 2016	June 30, 2016	0.89542291%	\$ 47,614,967	\$ 23,192,721	205.30%	58.30%
December 31, 2017	June 30, 2017	0.81614093%	\$ 40,137,752	\$ 21,432,783	187.27%	62.66%
June 30, 2019	June 30, 2018	0.74780112%	\$ 36,008,138	\$ 21,084,060	170.78%	64.73%
June 30, 2020	June 30, 2019	0.73825637%	\$ 35,522,347	\$ 21,626,333	164.26%	65.59%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See Independent Auditors' Report.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Required Supplementary Information  
Schedule of Pension Contributions  
(Unaudited)

New Hampshire Retirement System

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<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2015	June 30, 2015	\$ 3,036,667	\$ 3,036,667	\$ -	\$ 22,431,661	13.54%
December 31, 2016	June 30, 2016	\$ 3,019,682	\$ 3,019,682	\$ -	\$ 21,767,665	13.87%
December 31, 2017	June 30, 2017	\$ 3,077,529	\$ 3,077,529	\$ -	\$ 21,241,160	14.49%
June 30, 2019	June 30, 2018	\$ 4,775,242	\$ 4,775,242	\$ -	\$ 32,060,012 *	14.89%
June 30, 2020	June 30, 2019	\$ 3,141,190	\$ 3,141,190	\$ -	\$ 21,415,652	14.67%

\*Includes 18 months of covered payroll as a result of the County transitioning to a June 30 fiscal year.

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See Independent Auditors' Report.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Required Supplementary Information  
Schedules of Proportionate Share and Contributions of the Net OPEB Liability  
(Unaudited)

**Schedule of Proportionate Share**

New Hampshire Retirement System Medical Subsidy

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll as of the Measurement Date</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total OPEB Liability</u>
June 30, 2019	June 30, 2018	0.63992980%	\$2,929,891	\$ 21,084,060	13.90%	7.53%
June 30, 2020	June 30, 2019	0.61933629%	\$2,715,239	\$ 21,626,333	12.56%	7.75%

**Schedule of Contributions**

New Hampshire Retirement System Medical Subsidy

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll as of the Fiscal Year</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2019	June 30, 2018	\$ 422,258	\$ 422,258	\$ -	\$ 32,060,012 *	1.32%
June 30, 2020	June 30, 2019	\$ 258,864	\$ 258,864	\$ -	\$ 21,415,652	1.21%

\*Includes 18 months of covered payroll as a result of the County transitioning to a June 30 fiscal year.

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See Independent Auditors' Report.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Required Supplementary Information  
Schedule of Change in the Total OPEB Liability  
(Unaudited)

County of Rockingham, New Hampshire OPEB Plan

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	<u>2020</u>	<u>2019</u>
Total OPEB liability - beginning	\$ 1,740,535	\$ 1,692,476
Changes:		
Service cost	90,994	132,705
Interest	62,454	89,883
Benefit payments	(94,272)	(166,513)
Difference between actual and expected experience	(415,941)	-
Changes of assumptions	<u>161,358</u>	<u>(8,016)</u>
Net change in total OPEB liability	<u>(195,407)</u>	<u>48,059</u>
Total OPEB liability - ending	\$ <u>1,545,128</u>	\$ <u>1,740,535</u>
Covered employee payroll	\$ 19,880,290	\$ 26,993,333 *
Total OPEB liability as a percentage of covered employee payroll	7.77%	6.45%

\*Includes 18 months of covered payroll as a result of the County transitioning to a June 30 fiscal year.

There are no assets accumulated in a trust that meet the criteria in paragraph 4 of Statement 75 to pay OPEB related benefits.

Does not include New Hampshire Retirement System Medical Subsidy.

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to financial statements for summary of significant actuarial method and assumptions

See Independent Auditors' Report.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Supplementary Information  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2020

	Special Revenue Funds								Total Nonmajor Governmental Funds	
	Drug Task Force	Expendable Trust	Nursing Home Special Account	Assisted Living Donations	Inmate Commissary	Inmate Chapel	Deeds Equipment	WF Sturtevant Memorial		Permanent Fund
<b>Assets</b>										
Cash and short-term investments	\$ 55,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,220	\$ -	\$ 60,900
Restricted cash	-	-	96,427	-	-	-	7,414	-	-	103,841
Investments	-	30,976	-	-	-	-	-	-	50,526	81,502
Accounts receivable, net	-	-	50	-	-	-	-	-	-	50
Due from other funds	-	-	180	9,541	294,907	14,357	426	-	-	319,411
<b>Total Assets</b>	<b>\$ 55,680</b>	<b>\$ 30,976</b>	<b>\$ 96,657</b>	<b>\$ 9,541</b>	<b>\$ 294,907</b>	<b>\$ 14,357</b>	<b>\$ 7,840</b>	<b>\$ 5,220</b>	<b>\$ 50,526</b>	<b>\$ 565,704</b>
<b>Liabilities</b>										
Due to other funds	\$ 3,205	\$ 28,043	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ 17,554	\$ 48,852
<b>Total Liabilities</b>	<b>3,205</b>	<b>28,043</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,554</b>	<b>48,852</b>
<b>Fund Balances</b>										
Nonspendable	-	-	-	-	-	-	-	-	32,972	32,972
Restricted	52,475	2,933	96,657	9,541	294,857	14,357	7,840	5,220	-	483,880
<b>Total Fund Balances</b>	<b>52,475</b>	<b>2,933</b>	<b>96,657</b>	<b>9,541</b>	<b>294,857</b>	<b>14,357</b>	<b>7,840</b>	<b>5,220</b>	<b>32,972</b>	<b>516,852</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 55,680</b>	<b>\$ 30,976</b>	<b>\$ 96,657</b>	<b>\$ 9,541</b>	<b>\$ 294,907</b>	<b>\$ 14,357</b>	<b>\$ 7,840</b>	<b>\$ 5,220</b>	<b>\$ 50,526</b>	<b>\$ 565,704</b>

See Independent Auditors' Report.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Supplementary Information  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 For the Year Ended June 30, 2020

	Special Revenue Funds								Total Nonmajor Governmental Funds	
	Drug Task Force	Expendable Trust	Nursing Home Special Account	Assisted Living Donations	Inmate Commissary	Inmate Chapel	Deeds Equipment	WF Sturtevant Memorial		Permanent Fund
<b>Revenues</b>										
Charges for services:										
Deeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,906	\$ -	\$ -	\$ 128,906
Sheriff	7,836	-	-	-	-	-	-	-	-	7,836
Corrections	-	-	-	-	66,844	701	-	-	-	67,545
Nursing home	-	-	10,042	-	-	-	-	-	-	10,042
Investment income	57	1,295	582	-	2,779	135	82	-	2,123	7,053
<b>Total Revenues</b>	<b>7,893</b>	<b>1,295</b>	<b>10,624</b>	<b>-</b>	<b>69,623</b>	<b>836</b>	<b>128,988</b>	<b>-</b>	<b>2,123</b>	<b>221,382</b>
<b>Expenditures</b>										
Current:										
Corrections	-	-	-	-	210	-	-	-	-	210
Sheriff	25,383	-	-	-	-	-	-	-	-	25,383
<b>Total Expenditures</b>	<b>25,383</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,593</b>
Excess (deficiency) of revenues over expenditures	(17,490)	1,295	10,624	-	69,413	836	128,988	-	2,123	195,789
<b>Other Financing Sources (Uses)</b>										
Transfers out	-	-	(3,940)	-	(34,855)	-	(150,000)	-	-	(188,795)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(3,940)</b>	<b>-</b>	<b>(34,855)</b>	<b>-</b>	<b>(150,000)</b>	<b>-</b>	<b>-</b>	<b>(188,795)</b>
Change in Fund Balances	(17,490)	1,295	6,684	-	34,558	836	(21,012)	-	2,123	6,994
Fund Balances, at Beginning of Year	69,965	1,638	89,973	9,541	260,299	13,521	28,852	5,220	30,849	509,858
Fund Balances, at End of Year	\$ 52,475	\$ 2,933	\$ 96,657	\$ 9,541	\$ 294,857	\$ 14,357	\$ 7,840	\$ 5,220	\$ 32,972	\$ 516,852

See Independent Auditors' Report.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Supplementary Information  
 Proprietary Funds  
 Combining Statement of Net Position  
 June 30, 2020

	Health Fund	Dental Fund	Workers' Compensation Fund	Compensated Absences Fund	Governmental Activities Total Internal Service Funds
<b>Assets</b>					
Current Assets:					
Cash and short-term investments	\$ 9,808,593	\$ 196,939	\$ 3,541,718	\$ 904,352	\$ 14,451,602
Receivables:					
Accounts	4,189	649	96,412	-	101,250
Due from other governments	1,839	-	51,723	-	53,562
Due from other funds	161,056	147,128	83,464	39,958	431,606
Prepaid expenses	<u>5,650</u>	<u>45,100</u>	<u>43,583</u>	<u>-</u>	<u>94,333</u>
Total Current Assets	<u>9,981,327</u>	<u>389,816</u>	<u>3,816,900</u>	<u>944,310</u>	<u>15,132,353</u>
Total Assets	9,981,327	389,816	3,816,900	944,310	15,132,353
<b>Liabilities</b>					
Current Liabilities:					
Accounts payable	46,523	21,908	15,335	1,079	84,845
Due to other funds	195,265	128,345	1,959	81,613	407,182
Incurred but not reported claims liability	191,195	10,310	724,665	-	926,170
Current portion of noncurrent liabilities:					
Compensated absences	<u>-</u>	<u>-</u>	<u>-</u>	<u>396,895</u>	<u>396,895</u>
Total Current Liabilities	432,983	160,563	741,959	479,587	1,815,092
Noncurrent Liabilities:					
Compensated absences, net of current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>564,807</u>	<u>564,807</u>
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>564,807</u>	<u>564,807</u>
Total Liabilities	432,983	160,563	741,959	1,044,394	2,379,899
<b>Deferred Inflows of Resources</b>					
Revenues collected in advance	5,219	4,559	-	-	9,778
<b>Net Position</b>					
Unrestricted	<u>9,543,125</u>	<u>224,694</u>	<u>3,074,941</u>	<u>(100,084)</u>	<u>12,742,676</u>
Total Net Position	\$ <u>9,543,125</u>	\$ <u>224,694</u>	\$ <u>3,074,941</u>	\$ <u>(100,084)</u>	\$ <u>12,742,676</u>

See Independent Auditors' Report.



**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Supplementary Information  
 Proprietary Funds  
 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2020

	Health Fund	Dental Fund	Workers' Compensation Fund	Compensated Absences Fund	Governmental Activities Total Internal Service Funds
Operating Revenues					
Employee and employer contributions	\$ 7,822,223	\$ 537,758	\$ 371,596	\$ 465,319	\$ 9,196,896
Total Operating Revenues	7,822,223	537,758	371,596	465,319	9,196,896
Operating Expenses					
Employee benefits	6,846,080	409,121	530,859	458,294	8,244,354
Total Operating Expenses	6,846,080	409,121	530,859	458,294	8,244,354
Operating Income (Loss)	976,143	128,637	(159,263)	7,025	952,542
Nonoperating Revenues (Expenses)					
Investment income	75,037	684	33,055	6,337	115,113
Miscellaneous	(91,755)	-	(16,952)	-	(108,707)
Total Nonoperating Revenues (Expenses), Net	(16,718)	684	16,103	6,337	6,406
Change in Net Position	959,425	129,321	(143,160)	13,362	958,948
Net Position at Beginning of Year	8,583,700	95,373	3,218,101	(113,446)	11,783,728
Net Position at End of Year	\$ 9,543,125	\$ 224,694	\$ 3,074,941	\$ (100,084)	\$ 12,742,676

See Independent Auditors' Report.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Supplementary Information  
 Proprietary Funds  
 Combining Statement of Cash Flows  
 For the Fiscal Year Ended June 30, 2020

	Health Fund	Dental Fund	Workers' Compensation Fund	Compensated Absences Fund	Governmental Activities Total Internal Service Funds
Cash Flows From Operating Activities					
Receipts from users	\$ 7,824,546	\$ 538,117	\$ 315,512	\$ 465,319	\$ 9,143,494
Payments to providers	(6,824,550)	(417,208)	(500,932)	(514,737)	(8,257,427)
Other receipts (payments)	<u>(91,755)</u>	<u>-</u>	<u>(16,952)</u>	<u>-</u>	<u>(108,707)</u>
Net Cash Provided By (Used For) Operating Activities	908,241	120,909	(202,372)	(49,418)	777,360
Cash Flows From Noncapital Financing Activities					
Net change in due to/from other funds	<u>(549,054)</u>	<u>(90,504)</u>	<u>(201,355)</u>	<u>(149,212)</u>	<u>(990,125)</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	(549,054)	(90,504)	(201,355)	(149,212)	(990,125)
Cash Flows From Investing Activities					
Investment income	<u>75,037</u>	<u>684</u>	<u>33,055</u>	<u>6,337</u>	<u>115,113</u>
Net Cash Provided By (Used For) Investing Activities	75,037	684	33,055	6,337	115,113
Net Change in Cash and Short-Term Investments	434,224	31,089	(370,672)	(192,293)	(97,652)
Cash and Short-Term Investments, Beginning of Year	<u>9,374,369</u>	<u>165,850</u>	<u>3,912,390</u>	<u>1,096,645</u>	<u>14,549,254</u>
Cash and Short-Term Investments, End of Year	<u>\$ 9,808,593</u>	<u>\$ 196,939</u>	<u>\$ 3,541,718</u>	<u>\$ 904,352</u>	<u>\$ 14,451,602</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities					
Operating income (loss)	\$ 976,143	\$ 128,637	\$ (159,263)	\$ 7,025	\$ 952,542
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Nonoperating revenues (expenses)	(91,755)	-	(16,952)	-	(108,707)
Changes in assets and liabilities:					
Receivables	(1,838)	(460)	(74,474)	-	(76,772)
Due from other governments	(176)	-	18,390	-	18,214
Prepaid expenses	400	-	(43,583)	-	(43,183)
Accounts payable	14,939	(6,723)	2,227	(8,387)	2,056
Incurred but not reported claims liability	6,191	(1,364)	71,283	-	76,110
Compensated absences	-	-	-	(48,056)	(48,056)
Revenue collected in advance	<u>4,337</u>	<u>819</u>	<u>-</u>	<u>-</u>	<u>5,156</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 908,241</u>	<u>\$ 120,909</u>	<u>\$ (202,372)</u>	<u>\$ (49,418)</u>	<u>\$ 777,360</u>

See Independent Auditors' Report.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Supplementary Information  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2020

	<u>Inmate Fund</u>	<u>Nursing Home Residents Fund</u>	<u>Assisted Living Security Deposits</u>	<u>Total Agency Funds</u>
<b>Assets</b>				
Cash and short-term investments	\$ 426,187	\$ 138,621	\$ 63,744	\$ 628,552
Accounts receivable	-	476	-	476
Due from other funds	<u>75</u>	<u>1</u>	<u>-</u>	<u>76</u>
Total Assets	\$ <u>426,262</u>	\$ <u>139,098</u>	\$ <u>63,744</u>	\$ <u>629,104</u>
 <b>Liabilities</b>				
Due to other funds	\$ 402,221	\$ 3,357	\$ 2,384	\$ 407,962
Due to specific individuals	<u>24,041</u>	<u>135,741</u>	<u>61,360</u>	<u>221,142</u>
Total Liabilities	\$ <u>426,262</u>	\$ <u>139,098</u>	\$ <u>63,744</u>	\$ <u>629,104</u>

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